

Proceeding and Background Paper

Forest Development Policy Dialogue

10 Maret 1999

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Indonesian Ecolabeling Institute/ Lembaga Ekolabel Indonesia
Natural Resources Management Program

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AGENDA OF THE FORESTRY DEVELOPMENT POLICY DIALOGUE

March 10, 1999, Ambhara Hotel, Jakarta

08.00 – 08.30: Registration

08.30 – 08.45: Opening speech from the Executive Director of the Indonesian Ecolabeling Institut, Dr. Mubariq Ahmad (7 minutes).
Speech from Team Leader of Natural Resource Management Program, Dr. James Tarrant
Speech from Head of Funding Board of Indonesian Ecolabeling Institute (7 minutes).

08.45 – 10.30: Session I:
“Vision, Thoughts and Framework of a Coherent Sustainable Forestry Policy and its Main Components”
Moderator: Mubariq Ahmad.
Guest Speaker I: Dr. Agus Setyarso.
Guest Speaker II: Nana Suparna.

10.30 – 10.45: Coffee/Tea Break.

10.45 – 12.30: Session II:
“Analysis of Gaps and Problems in Existing Forestry Policy”
Moderator: Dr. Togu Manurung.
Guest Speaker I: Dr. Hariadi Kartodihardjo.
Guest Speaker II: Prof. Dr. Ahmad Sumitro.

12.30 – 13.30: Lunch Break.

13.30 – 15.15: **PARALLEL SESSIONS:**

Group I

“Property Rights, Benefit Sharing and Decentralization Issues”

Moderator: drh. Dhani Wahyu Munggoro, M.A.
Guest Speaker I: Noer Fauzi.
Guest Speaker II: Nurman Tasman.

Group II

“The Understanding of Forest Management Policy Components and Priority for the Achievement of Sustainable Forest Management”

Moderator: Dr. Hariadi Kartodihardjo.
Guest Speaker I: Dr. Doddy Sukadri.
Guest Speaker II: Hira Jamthani.

15.15 – 15.30: Coffee/Tea Break.

15.30 – 17.30: Session III

- **Group Presentation and Discussion**, Moderator: Dr. Iwan Tjitra Djaja.
- **Planning on Future Dialogues**, Moderator: Mubariq Ahmad

OPENING	SESSION I	SESSION II
Guest Speaker I: Mubariq Ahmad.	Moderator: Mubariq Ahmad.	Moderator: Togu Manurung.
Guest Speaker II: James Tarrant.	Guest Speaker I: Agus Setyarso.	Guest Speaker I: Hariadi Kartodiharjo.
Guest Speaker III: Emil Salim	Guest Spekaer II: Nana Suparna.	Guest Speaker II: Achmad Sumitro.
Notes Writer: Luhut Simanjuntak (LEI)	Notes Writer: Luhut Simanjuntak (LEI)	Notes Writer: Luhut Simanjuntak (LEI)

I. OPENING

Opening Speech from Dr. Mubariq Ahmad

The discussion was opened by Dr. Mubariq Ahmad, Executive Director of the Indonesian Ecolabeling Institute (LEI). Dr. James Tarrant from NRM Program and Prof.Dr. Emil Salim, Head of Funding Board of Indonesian Ecolabeling Institute (LEI), also delivered their opening speeches. The discussion was a joint cooperation between the Indonesian Ecolabeling Institute and the Natural Resources Management Program as one of LEI's potential contributors.

Since 1998, several changes as well as proposals for changes were implemented within the Department of Forestry and Estate Crops. Changes that will eventually affect policy-making in the future. Based on the above, this dialogue was implemented. The changes, which have been going on for the last 12-15 months, need to be clarified since the direction for the policy changes has to be clear and certain.

The purpose of this discussion is to obtain the same perception and vision among stakeholders within or outside the Department of Forestry and Estate Crops. This is needed when formulating the appropriate forestry policy to achieve the Sustainable Forest Management principle. In line with the changes as well as the proposals for policy changes made by the Department of Forestry and Estate Crops, similar initiatives have been carried out simultaneously. Among those initiatives were: the Committee for Forestry Reform, CGIF (Consultative Group on Indonesian Forestry) and *Forum Komunikasi Kehutanan Masyarakat*, FKKM (Communication Forum of Community Forestry). However, the institutional relationship among the concerned parties has caused the fact that they cannot participate actively and be informed about the development achieved. Hopefully, through this informal and "independent" dialogue, the existing problems mentioned above could be overcome.

This dialogue is expected to be the first of a series of similar dialogues, which will be carried out regularly every six or nine month. It is hoped that the dialogues will become a consolidation forum to obtain one perception concerning various aspects. Through this dialogue, it is also expected that concerned parties could contribute their opinions and visions to implement appropriate changes on forestry policies. Should the involved stakeholders agree, the Indonesian Ecolabeling Institute hopes that the discussion groups concerned parties and stakeholders, will be able to consolidate and provide a proposal, which can be called "a coherent purposive policy proposal." It will then be submitted to the future governmental cabinet. The Indonesian Ecolabeling Institute will act as

facilitator in this dialogue. But, in future dialogue series, there's a possibility that the Indonesian Ecolabeling Institute will establish a cooperation relationship with other stakeholders.

Opening Speech from Dr. James Tarrant of the NRM Program

Considering the need for clarification on the implementation of forestry and estate crops policies in the future, it is hoped that this dialogue could be implemented continuously. To date, the forestry sector is considered to be a "closed" sector in Indonesia. Several discussions concerning forestry policies have only been conducted within the Department of Forestry and Estate Crops or within the professional level, which is directly related to this issue. Meanwhile, biased activities keep occurring on the field level.

Hopefully, forestry development in the future will consider professional and transparent values in relation to sustainable natural resources management. The question is how this expectation can be realized and approved by all parties and become a part of the forestry decentralization process that can accommodate everyone's interest in the future. Furthermore, it is expected that this dialogue could become the "starter forum" in achieving the mentioned purpose.

Opening Speech from Prof. Dr. Emil Salim, Head of Funding Board of Indonesian Ecolabeling Institute

The main purpose of this dialogue was to establish an effort to build a "coherent package of sustainable forest policy." The dialogue was directed to grasp the main element of the mentioned coherent policy. There is a possibility that in the future this dialogue will open the way to build an agreement of coherent forestry policy. In other words, this dialogue is a means for achieving the agreement concerning the five crucial elements and the necessity of specific institution a reform measures. Furthermore, it is also a means to reach that purpose/end, in which we can finally formulate the coherent package of forestry policy.

Prof. Dr. Emil Salim proposed five elements as follow:

- 1) To maintain the ecological function of the 40 million hectares of protected forest.
The government has already designated an area of 40 million hectares for protected

forest area purpose. However, gaps are still occurring in the field level. This can be seen from so many misused areas, which were already designated for forest allotment. Ironically, there are still plenty of forest allotment areas, which were specifically prepared for non-forestry development, such as residential and transmigration areas, plantation and many more. With regards to the area for protection purposes, which are already designated by the government, doubts as well as challenges now appear for the future development. The issues are whether these protected areas will still be maintained or will it be degraded as the effect of policy failure to accommodate the current change in the field level.

- 2) To apply and to control sustainable forest management in the 66 million hectares of production forest. At the beginning, the forest management was distributed among concession holders. But, currently, the concessions are also distributed to community members, through cooperatives. Anyone who takes part in the forest management activity has to abide by the Sustainable Forest Management principles. In the future, the forestry policies should consider active participation and involvement of community members in the supervision of Sustainable Forest Management as stipulated in the Indonesian National Standard.
- 3) Pro-active development of bio-diversity for the people is a part of the bio-diversity convention. Indonesia is one of the countries that has agreed to sign an international convention in relation with the development of “bio-diversity for the people. With the existing bio-diversity, there should not be any reasons for not implementing the mentioned agreement.
- 4) Advancing the rights of local *adat* people. Forests are a habitat for local *adat* people. In Indonesia, the term “indigenous” does not correspond with the fact. The term *adat* seems to be the correct one. In Indonesia, local *adat* people need a legislation protection. In the 1990s, the government has recognized the existence of local *adat* people; and now there is an urgent need to recognize the rights of local *adat* people that will also be part of the United Nations Organizations’ activities in the near future. The rights of local *adat* people will be a decisive issue for development recommendations in the future, considering the fact that local *adat* people has not yet been represented in the decision-making process of development policy. Basically, local *adat* people are linked to and are an integral part of the forest ecosystem, that need to be seriously maintained.
- 5) Debt for nature swaps. For the international community, tropical forests possess global values. It means that poverty eradication of the local communities who live

within or in the surrounding area of the forests, and the recovery of environmental degradation are also part of the global responsibility as well.

All parties who have concerns regarding the five elements mentioned above (parts of the coherent sustainable forest management policy) are expected to actively participate in this dialogue and in the upcoming sessions. This will also include active participation from the existing community groups. Finally, the approved form of forestry and estate crops policy will be further discussed with the government through a balanced round table mechanism, which will hopefully affect the policy-making process within the Department of Forestry and Estate Crops.

In its implementation, it is fully realized that forestry development is part of the development planning in other sectors. Therefore, it is expected that this dialogue will become an inter-sectoral forum, which will be integrated into other sectors' development planning, and to the economic and political system in general.
(James Tarrant).

Restructuring the government administration is an issue that will be included in the dialogue's agenda. The unproductive performance of research and development organization or institution on the departmental level, especially within the Department of Forestry and Estate Crops, is due to administrative and institutional restrictions. (Didik Achmadi – Partai Keadilan/Justice Party).

Restructuring the government administration is closely related to the autonomy context in the regional decentralization process. With the exceptions of international relations, financial, security and defense, and legal affairs, any other affairs will be handed to the regional authorities. Regional autonomy/ decentralization is one of the issues discussed in this session. However, it is more important to find a solution on how to implement a decentralization program, which will ensure that a sustainable forest management and an equal redistribution of social and economic added values be seriously considered and exposed in the formulation of regional policy. (Prof. Dr. Emil Salim).

Other opinions tried to re-expose the following issues: (i) The role of the Indonesian Ecolabeling Institute as the originator and facilitator of this dialogue. There were some specific pessimistic comments whether the Indonesian Ecolabeling Institute could serve as a good leading agent, considering its autonomy, independence and neutral position status between the government and other stakeholders. (ii) Who will play the role in the planning and supervision of Sustainable Forest Management at a macro level? There were some opinions stating that the government on central level should still plan and

supervise the Sustainable Forest Management program. This statement is implied in the following comments of Mr. Yoseph:

“Do you include appropriate loose regulations to be reviewed? You have it in No. 2 because of applying control, you have a lot of contradicting regulations which is for me not clear where it should be concluded? First comment hangs on what you said about the decentralization process, who is going to do the macro planning for a Sustainable Forest Management or protection or ecological maintaining or ecological function? These are also very important issues because I don’t believe it should be left to the provinces, it should be taken at the central level because it is recognized as a national learning process. Then, regarding this working group, I am just wondering, are we still in a vague position right now because I really believe I should be somebody, some entity dedicated to take an elite role. If we take your institution, the Indonesian Ecolabeling Institute, I don’t think that the institution should lead a working group because it is also your autonomy, your independence, neutrality must be depended on at all costs otherwise your reputation in this would not be good. The same for the Consultative Group on Indonesian Forestry, the Consultative Group on Indonesian Forestry is not an integrated part of Department of Forestry and Estate Crops. If the Ministry of Forestry and Estate Crops leads a working group, it is okay, but I think we should discuss it. I think it requires in-depth thinking how this thing should be resolved”.

The above-mentioned five elements imply policy changes concerning law, institutional, financial, tax and other regulation changes called “comprehensive items changed”. The discussion on the changes should not be limited only within the departmental scope since politically, the department has already made a basic form of change, but they do not represent the actual changes as all concerned parties have desired. The current condition should be changed and adapted to global rules in which a common global environment consensus will be integrated. Eventually, the dialogue will discuss and formulate the changes, as we all desired. In this case, the Indonesian Ecolabeling Institute will no longer act as a leading agent, and the opportunity will be given to other stakeholders. However, it is possible that the Indonesian Ecolabeling Institute will still facilitate other groups on regional level. On the other hand, the macro planning context should not complicate the issue of what level the Sustainable Forest Management should be planned or supervised, but it should expose the implementation of planning activity without applying a “top down” approach. The approach should accommodate the aspiration of all community members in such a way that it will focus on the agreed changes of the decentralization process. (Prof. Emil Salim)

In addition to the statement above, “the type of the development should be sustainable development”. This statement emphasizes that any future economic system, which will be applied during the upcoming governmental cabinet, should keep considering that future policies should be made by not violating any sustainability principles. The statement of “the type of the development should be a sustainable development” is independent regardless of the application of the economic system in the future.

II. SESSION ONE:

Vision, Thoughts and Framework of a Coherent Sustainable Forestry Policy and its Main Components

The first plenary session of this dialogue tried to expose the vision of forestry development from two different sides, academic and practical. The degradation of the natural and environmental resources carrying capacity is the consequence of the whole forestry development. The forestry development policy failed to guide the economists to manage the natural resources according to its carrying capacity. The forest resources were merely exploited for economic purposes in short term period and the economic added-values were not equally distributed among the community members.

Agus Setiarso, from Faculty of Forestry, Gadjah Mada University, concluded on an academic point of view as follows: The history of forestry development in Indonesia has been described as a “chaotic disturbances”, where the forestry sector was manipulated as a funding resources for the implementation of other sector development. During the era of New Order, the parameter concept of forestry development neglected the negative implication of ignoring “sustainable resources”, which should have been maintained and become the basis of decision-making for inter-sectors development in Indonesia. Unbalanced condition on the field level affected the decrease of natural resources’ carrying capacity and social and economic situation. Instead of lightening the burden, the overlapping inter sector development policies has worsened the situation. Furthermore, in its process, other sectors development have failed to build firm foundations to grow independently without the dominant funding of forest utilization and forest yields industry activities.

In addition, the following proposals were suggested: (i) A change of forestry sector development vision, which emphasizes stakeholders’ interests/demands. Meanwhile, “environment” has to be positioned as a part of “the item of stakeholders”. (ii) Redefinition and Reposition: Forestry should not be considered any longer as a “sector”, but it should be considered as an integral part of the whole “system”. The term of “sector” tends to put forestry as the source of foreign exchange in meeting the economic and political demand for a short-term period of time. Suryo from BPN said that sector-concept development system has positioned the forestry development as a “leading sector”. In fact, forestry policies failed to accommodate rules and laws/acts previously stipulated. Furthermore, the limits of development supervision overlapped one another. The misperceptions on land, area and regional management on regional level differed from the agrarian and forestry concept between central level department and regional level department. The characteristic of forestry development tended to be more

“utilization” than “management” in its practices. As a system, forestry will be integrated to other national development systems as well as to meet the global demand. The redefinition issue focused on forestry development policy based on human resources policy that can accommodate “holistic aspiration among stakeholders as part of livelihood of all society. (iii) A consistent social and cultural change will ensure the implementation of development policies on central and regional level. In the future, forestry development would also mean human resources development as well.

Mr. Nana Suparna, who represented the point of view of practitioners, said that forestry development policy is not always harmful. The failure of its implementation was due to the inconsistency of supervision activity on central or regional level. A “top down” governmental system has not given any authorities to the lower level of hierarchy to play the role of subject in the decision-making. The power of hierarchy/bureaucracy will lead to a problem solution to confusion and will cause a great loss of economic efficiency and productivity as a whole. The success of Sustainable Forest Management program on the field level depends on the fulfillment of five pre-requisite components, which include forest area, production, environment, social, rules and supervision. The inconsistency of rules and supervision implementation indicates that the affirmation of national legal aspect needs to be maintained. On the field level, we can find the following indications: (i) The boundary of state forest area and HPH working area possess a weak legality causing a high intensity of illegal felling. (ii) The felled area is bigger than the allocated one (iii) The waste produced by the forest utilization activity is still high. This indicates the inefficiency of the current production process. (iv) The welfare of the people living within the forest and the surrounding area is still very low. This condition is due to the failure in accommodating the land needs of the people living within the forest and surrounding areas, (through Provincial Spatial Plan/RTRWP). This also indicates the urgency of community forestry and *adat* forest development along with the recognition of their legality.

A low social awareness in supervising the activity of forestry development has become a fact that we have to accept in the current development system. This is due to the unclear social and economic benefit that the people could obtain. Distribution of shares is definitely not the answer to this problem since the institutional barrier cannot represent the interest of all community members in the village-forest area. Direct distribution of benefit, (including the recognition of *adat* rights), from the utilization of forest yields which were converted directly from each cubic meter of the felled timber, and the allocation of several economic segments, which can be carried out by the village-forest people, (including food and company’s spare parts provisions) will hopefully increase the awareness for resource management.

On one hand, forest utilization policy has been oriented more to the process (administrative regulation) and not to the target (outcome-based regulation). Consequently, this caused the failure in the achievement of forest utilization performance. On the other hand, decision-making should be oriented more to the “bottom up process”, which will represent the description of decentralization process in forestry development.

Laurel, a Community-Based Forest Management (CBFM) Specialist from NRM Program – USAID concluded that some forestry development policies do not allocate the added values, which can accommodate the interests of community members and natural resources sustainability. Muayat said that in the forestry sector, the economic paradigm in the forest utilization activity has always been focused on the products (timber management). Furthermore, forestry development has not yet seen the ecology/environment management as a vision.

This fact can be traced back from the following issues: (i) The research concerning the historical journey indicates the weak relationship between the people and forest. During the Dutch colonialism, the Indonesian forestry was intended more to meet the economic demand, although the management was restricted only in Java island and had not considered the regions outside the Java island. During the Japanese occupation, there were some indications that forest-clearing activity was intended for war’s logistics purposes. (ii) Since 1970, the forest management activity has not accommodated people’s interest. The involvement of private sector in the forest management has actually violated the existing and well-arranged *adat* forest boundary. This can be proved by various traditional claims concerning the rights to manage indigenous plants of *adat* people (cash crops). Admittedly, there is a cumulative increase of economic added values since the private sector took over the forest management. On the other hand, it is not significant to compare the income of people, to see the real shares’ contribution in the forestry sector (forest products share) in increasing the people’s income since it is not consistent to other share sectors.

The regulations were a failure since the beginning. This indicates that the development policy has ignored the performance change of the whole system and is more focused on technical items. Consequently, development policy did not last long and could not accommodate the current changes. The inconsistency of policy implementation has started with the series of changes that were done to the Indonesian constitution and remain until the present. Therefore, it is not appropriate to say that the formulation concluded in this dialogue should be prepared for the future governmental cabinet. (This

indicates the lost of faith due to the failure of a transparent and clean governmental system).

Norman Tasman, a legal observer, stated that in relations to the failure of forestry development policy, legal affirmation would ensure the realization of rules and legal aspects. However, the rules and legal aspects themselves do not always support the legal affirmation activity. Muayat, believed that the domination of central government was the source of the policy's failure. The decisions made did not reflect the "bottom-up" aspiration. The vision of forestry development should then be able to accommodate the basis for "community-based forestry". James Tarrant from NRM Program believed that the failure occurred, because the economic development did not anticipate the external cost of environmental and social aspects, which has to be paid as the effect of the current changes. Therefore, it is necessary to take into account other resource sustainability, such as forest resources management, viewed from the perspective of "watershed management", non-timber forest products, etc and not only focusing on the timber's price. (Today, the mentioned price does not indicate the balance price between the supply and demand; Usually, it is determined only by the Department of Forestry and Estate Crops and the Department of Industry and Trade).

Furthermore, Laurel, a Community-Based Forest Management (CBFM) Specialist from NRM Program – USAID said that the compromise of all stakeholders' interests is not a vision. It is more a win-win solution, which accommodates the interests' demand of all the involved stakeholders. Basically, we do not have a clear forestry management program. Structural and cultural changes are necessary to complete the planned and approved vision. However, its mechanism is still vague. Agus Setiarso from the Faculty of Forestry, Gadjah Mada University, asked whether Sustainable Forest Management program could still be accepted as the common vision of the future since vision means a long-term period of time. Instead of maintaining the forest resources sustainability in the future, in a specific site level, the approved vision should contain "vertical structure" concerning who would play the role in "international timber trade" and the opportunity of timber's economic added values segment. In fact, forestry development policy has not touched this part of the issue.

Agung, a forestry practitioner, added that vision is closely related to paradigms and is affected by independent perception. The reform has agreed to change the forestry development paradigm, from growth-based economic to social-based economic. This should not be meant as an equal division of areas. In relation with this issue, the question now is: have all parties agreed on this matter? One of the participants added that the agreed vision should be built without ignoring the issues' development on all interests'

levels (international, national, and local levels). The agreed vision should be the entity of the three mentioned levels. In addition, Agung, a forestry practitioner, said that the derivative of paradigm is policies, which integrate cultural and historical negotiation of the political elite. This would relate to compromise, which unfortunately cannot ensure whether it has involved all concerned parties. In fact, from the field observation, especially during the current transitional era, forest resources are exploited for political and economic purposes to meet the demand of few exclusive groups, in which one or more stakeholders might be involved. The legality aspect of resources on the field level has gradually faded and people's power becomes the tool in achieving the mentioned purposes. Forest resources management activity on the field level should be appropriately taken care of and approved by all parties. Meanwhile, Rajid from, Forest Watch knot in Medan stated that a vision should include the "demilitarization" issue since the overlapping duties and responsibilities in forestry development has only created economic incentive extension to several elite members groups. Furthermore, this will also create confusing condition, in which legality aspect affirmation loses its power in all development sectors.

III. SESSION TWO:

Analysis of Gaps and Problems in Existing Forestry Policy

Hariadi Kartodihardjo from Faculty of Forestry, Bogor Institute of Agriculture thought that policy renewal should concern the following aspects: (i) Gap identification of policy substantiality in achieving Sustainable Forest Management, and various reform demand (ii) The implementation of the policy itself.

The first point covers the following two aspects: (a) Forestry utilization-related issues, such as Rights of Forest Utilization, Social Forestry, etc. Forestry utilization needs a certain time range as one of the requirement procedures. However, this issue was never accomplished. Policy stipulation has worsened the uncertainty level and the Department of Forestry and Estate Crops seems to be in difficulties in accommodating this problem. (b) Policy, which is related to decentralization issues. This, especially relates to the change of timber management paradigm into an ecosystem management since not all natural resources items can be decentralized considering their specific characteristics. Environment is a given matter (forest management unit with watershed approach or water catchment area or based on the habitat). In its implementations, the collisions among administrative boundaries may occur. Eventually, the involvement of the mentioned characteristics in the regulation cannot be decentralized, so that criteria requirements are necessarily developed to accommodate various matters that the central and regional level could work on together. For long-term period of time, administrative boundaries could be changed, unlike the watershed existence which is more of a given nature.

The second point covers on how we view the stipulated policy. On one hand, each party would surely have visions for the future. However, the fact today shows a real condition, in which something is currently occurring. Normatively, the analysis will be focused on previous factors, which affected the failure of a policy. Admittedly, there have been policy instruments, which have been recommended as a solution, although they appeared at an inappropriate time. With the solution, which have been recommended for the last 15 years, it is obvious that a natural forest is now far from reality since it remains only seven million hectares of such forest. From the economic side, this issue was identified as an under value of forest product. However, it still needs to be emphasized that this issue is not a “market institution” problem, but it is a “non-market institution”. In connection with this, there is a “property right” issue, which has not found a solution. As long as this condition stays the same, the “under value of forest product” will keep on occurring.

Furthermore, the Government Regulation No. 6 Year 1999 does not reflect any intentions to accommodate the current changes, especially the forestry decentralization process. Central as well as regional authorization is more determined by the concession area. Long-term management planning is not considered as a requirement in determining the recommendation extension or revocation of the further management activity. The approach of management performance was by imposing administrative sanction, through a concession area reduction if technical instructions are not abided. This Government Regulation cannot ensure the realization of Sustainable Forest Management program in the future. The share's standard majority in large-scale enterprises is also not a guarantee to restrict area occupation on large-scale.

From the description above, policy dialogue is not intended to change the policy's substantiality itself since it is not within the authority of the stakeholders. The dialogue is aimed to see closer the real and current unbalanced condition, which have caused the manipulation in policy-making for other parties' interests. In this way, the source of policy implementation failure on the field level can be detected. Furthermore, this dialogue is expected to create a change. Unfortunately, based on the experience of the Forestry and Estate Crops Policy Reform Team, it is a "tradition" that there will be no decisive dialogues if there is still one opinion, which has not been accommodated. Some policies are made differently from the approaches, which had been previously approved. In addition, Sulaiman Sembiring from ICEL, commented that by ignoring the policy substantiality, the failure of policy implementation is worsened by not taking into account the game rules, based on legal principles bond. For instance, this is indicated by the Government Regulation stipulation before an Act stipulation. Apart from that, there is no harmony in legal aspect rules, based on vertical and horizontal principles, restricted condition of legislation making process and functionless role of the regional government as a competent actor in formulating policies. Hariadi Kartodihardjo from Faculty of Forestry, Bogor Institute of Agriculture added that the "closed" atmosphere will only create the development of certain opportunity, such as transaction cost reaching up to 24-46% from variable cost. One thing that the Government failed to meet, due to the mentioned opportunity, deadline constraint, etc, was that it had not prepared the pre-conditioned process for when the policy comes into force. This condition has created a mechanism, in which not all parties could participate actively. In relation with policy reform process, admittedly, academic society hardly talks about government bureaucracy or precisely the structural adjustment based on scientific point of view. Indro, from SKEPPI said that the change of forestry development vision should be strengthened by other non-academic dimensions, which is more than a mere individual professionalism dimension. Mia Siscawati from RMI added that the change vision

should also followed by the change of forestry educational curriculum on higher educational level.

In addition, Hariadi Kartodihardjo from Faculty of Forestry, Bogor Institute of Agriculture, said that according to PRLS (Policy Reform Support Loan) II of World Bank, the policy formulation process from the Department of Forestry and Estate Crops to the directorate general level, could be used as an approach to release from the mentioned structural constraints/obstacles above. All of these are strictly related to game rules of dialogue with the government. Furthermore, it is expected that it will enable us to look for a better way in achieving policy vision, which will be commonly approved without ignoring the development of other paradoxical forestry development policies.

Property Rights, Benefit Sharing and Decentralization Issues

Guest Speaker I: Noer Fauzi (Consortium for Agrarian Reform).
Title of the Paper: Forest for People; Whose Forest?: Towards the Recognition of Origins' Rights.

Tenurial (Rights of Land Occupation) Conflict has been triggered by the extension of new rights on forest bearing local rights of community members living around the forest area. Apparently, *adat* community already has *adat* law system far before the country was established.

There are five types of conflicts, which contribute to the “surviving power” of the land conflicts in Indonesia. They are:

- 15

Basically, the main source of tenurial conflict is the domination of certain natural resources and land management system, which come from the state against the community members. The state has given larger portion to the capital owners in managing the agrarian resources, including forest yields.

Tenurial Security

Tenurial security or the security of land occupation is extended not only to local community members, but also to Rights of Forest Utilization and National Park.

The reform movement has shown that local community members have been suffering from the unfair policies, made by the government. Negative responses or reexamination of the mentioned unfair policies has provoked riots (camp-fires) and timber looting in a large scale.

Before the Rights of Forest Utilization took effect, Internal Security had been ruling. After the Rights of Forest Utilization took effect, External Security was established and tended to be repressive.

Tenurial Security can possibly be established if centers of national law give the opportunity to legal pluralism system to develop. Without the recognition of origins' rights of local community members, tenurial security will never become a reality.

Sharing Benefit

The application of Rights of Forest Utilization (HPH) in local community members was implemented without the authorization or compromise with local community members.

Sharing benefit could be established if:

1. The HPH ensures the rights of origins by asking the authorization from local community members by holding a re-negotiation between the HPH holders and local community concerning tenurial management.
2. Any impacts or effects of the application of the HPH should be informed
3. Any tenurial conflicts are included in an inventory conducted by a team (Inventory of tenurial conflicts). The HPH holder need not remove the tenurial status from its management area, but change it into a tenurial security.
4. Any expenses for tenurial establishment are imposed into investment cost (investment scheme).

Guest Speaker II: Nurman Tasman
(Department of Forestry and Estate Crops).
Title of Paper: Rights on Land, Benefit Distribution and
Decentralization

Introduction

The relationship between human being and land is an eternal relationship. Human beings have only the right to occupy and not to possess land/soil.

Land, water and other natural resources contained therein belong to the State and shall be utilized for the welfare of the people (Article 33, Sub Article (3) of 1945 Constitution of the Republic of Indonesia).

There has been an agreement between the people and the State to arrange the occupation affairs of land/soil, through Basic Law on Agrarian Affairs (UUPA) and Basic Law on Forestry UUPK).

Rights Extension on Land

After the independence of Indonesia, there has been a legal agreement between the people and the state to entrust the land occupation affairs to the state. *Adat* community blended themselves through a representative agreement arranged by the state (Basic Law on Agrarian Affairs (UUPA) and Basic Law on Forestry UUPK)).

Land arrangement (through Basic Law on Agrarian Affairs (UUPA) and Basic Law on Forestry UUPK) is the right and authority of the President as the Head of Government (Executive Institution).

Ulayat Right (Rights of community members on land determined by *adat* law and bearing an obligation without provoking any conflicts on national interest) is only a right for land occupation and not a property right on land. In an *adat* community the property right system is determined by Head of the *adat* community through an *adat* law mechanism. In a national law system, the property right is determined by a law or an act.

Unequal distribution and division of land between the Rights of Forest Utilization holder and local community members has provoked social conflicts. These problems are due to human factor by allowing the Corruption, Collusion and Nepotism practices in land occupation for HGU and plantation purposes.

The bank's credit system has caused these unfair practices since the warranty for this purpose can only be provided by those who possess a large scale of capitals. This will automatically give all the access necessary on land occupation.

Actually, the justice and fairness concepts are acceptable. But, those who extend the rights on land occupation are still unfair due to some personal interests (KKN/Corruption, Collusion and Nepotism).

Land Distribution

Benefit distribution on the land utilization will be extended to local *adat* people by giving the opportunity to possess a share in a company/enterprise or by extending the shares to cooperatives, as the designated institutions for this purpose, built by all the members of community around the forest area.

It is necessary to establish a redistribution effort of land utilization to local community members on unmanaged land due to the expiry period of time of the company/enterprise or the HGU.

Decentralization

Up to the present, the authority extension from central government to regional government is more of a centralized concept and gives the possibility for "unauthorized" activities. Therefore, demand on a larger autonomy rights is frequently proclaimed.

In extending the authority from central government to regional government, it is necessary also to extend the authority to *adat* law to manage a certain region/area. By conducting inventory activity in *adat* law, hopefully social conflicts with customary people can be prevented.

QUESTION-ANSWER SESSION

Question:

1. Laurel Heydir (EPIQ/NRM):

We fail to establish a national law since the independence of Indonesia was proclaimed by our founding fathers, what was automatically established was the *adat* law. Apparently, we have failed to establish the legality status. The existing laws are only textual objects. Therefore, it is necessary to hold reconciliation with new proclamation to establish a new legality status leading to legal system establishment adopting the togetherness concept.

2. Agung Nugraha (PT. Sari Bumi Kusuma):

Today, there are so many demands on behalf of *adat* law to occupy the forest's land. It is necessary then to arrange clear territorial boundaries between the *adat* community area and the HPH holder area through a participatory mapping activity. It is also necessary to hold a dialogue and discussion with the *adat* community to prove the existence of the *adat* community and the application of *adat* rules on the operational level.

3. Yando Zakaria (Indonesian Ecolabeling Institute/LEI):

There has to be an agreement on claim issue between the state and *adat* community. Some agreements were incompatible with the claim when this country was declared independent. In order to reposition the old claims to be relevant to the current condition, we need a new social contract. What are the basic materials for the re-negotiation? Property rights can be relevant if there is recognition of origins' rights of the *adat* community. Therefore, it is necessary to recognize legal pluralism in order to prevent the domination of constitutional law on local community members. The 19 *adat* law areas represent only "culture area" and not political association. The division does not represent the 19 ulayat/territorial areas. Therefore, there is no need to be apprehensive about *adat* law/ulayat rights recognition and ulayat rights recognition relevant to the national law system.

4. P. Suryo Suwarno (BPN):

In recognizing the land occupation, *adat* community needs to obtain recognition on the enchanting values of the land, apart from the economic values. Apparently, for some areas it is difficult to conduct participatory mapping, such as in Irian Jaya since perennial claims keep on appearing perpetually. Basic Law on Agrarian Affairs (UUPA) will issue a proof to those who have claimed their rights. Meanwhile Basic Law on

Forestry (UUPK) will determine the forest area and the owner should possess the license from the Minister.

The current Basic Law on Agrarian Affairs (UUPA) does not refer to the former Basic Law on Agrarian Affairs (UUPA) due to the anxiety of communism accusation.

ANSWERS

Noer Fauzi:

The claim of *adat* community on certain areas is perennial or an incessant claim.

Disputes have never been well resolved and the presence of *adat* law people in a forestry law system has never been accommodated.

Sometimes, we take for granted legal politic concepts, such as rights of occupation by the State. This type of concepts are based on claim and not on an agreement.

In the Basic Law on Forestry (UUPK), it is stated that *adat* community are united in one state of the Republic of Indonesia. Consequently, the authority on territorial *adat* law will “automatically” be handed to the State. This is not an agreement but a one sided claim on behalf of the *adat* community.

Based on the research, it is obvious that *adat* law people still exists and is surviving.

This could be seen from the land use system.

Tenurial Conflicts will appear if there is an overlap between the land use system of certain *adat* community and the land use system of the HPH holder. This condition will create an overlapping situation and become the source of tenurial conflicts.

According to the research during the participatory mapping activity, in each mapping area, there is always a conflict. This can only be overcome by the following parties: local *adat* community, the HPH holder and the Government (in this case, represented by the Department of Forestry and Estate Crops).

The Department of Forestry and Estate Crops should prepare an instrument to anticipate the land use system conflict by establishing a committee or a team to conduct an inventory of conflicts since the Department of Forestry and Estate Crops also contributes to the land use system conflicts.

Nurman Tasman:

Synchronization in stipulating a decree is necessary, so that there will be no contradictions among the rules in the concerned decree since all regulations are under the authority of the President, implemented by his/her ministers as regulated in a presidential cabinet system.

In the approval of an agreement, some parties do not have the opportunity to be accommodated/represented. Therefore, in a decision-making on legislative level, those parties should express their interests.

CONCLUSIONS

- The group discussion was focused more on property rights issue. While, the other two issues, benefit sharing and decentralization issues seemed to be less interesting to discuss.
- The process of achieving sustainable (forest) management is facing serious constraints due to tenurial conflicts.
- Tenurial conflicts occur because the State/government extends to the party of forest manager the rights on land bearing an *ulayat* right or occupied by the local community. It is also possible that the land area was deserted/unoccupied and belong to “nobody’s property”.
- The State/government should have developed the process of legal pluralism or pluralistic legal system, which recognizes the origins’ right of *adat* community.
- Without the recognition of the origins’ right, perennial conflicts will never be resolved/incessant.
- Inform consent (?) should be applied in order to determine the approval or the rejection of local community on a forest area management.
- There should be a “win-win solution” concept to overcome the conflicts by extending a fair and just benefit sharing and it should be included in the investment cost component.
- Due to ecological as well as social (people/community members) diversities, it is necessary to apply a decentralization concept in the natural resources management.

Group II: The Understanding of Forest Management Policy Components and Priority of Sustainable Forest Management Achievement

Moderator:	Dr. Hariadi Kartodihardjo.
Guest Speaker I:	Dr. Doddy Sukadri.
Guest Speaker II:	Hira Jamthani
Notes Writer:	Ridwan Effendi (Indonesian Ecolabeling Institute/LEI).

The moderator opened this session at 14.10 and hoped that the discussion, which will be held for 1 hour and 15 minutes will be able provide constructive and innovative inputs for the public policy process. Each guest speaker was expected to present their thoughts and ideas not more than 20 minutes.

Guest Speaker I: Dr. Doddy Sukadri

In his opinion, the speaker stated that, currently there are three main factors pressuring for a policy-making process. They are:

- First, pressures from international community due to various and increasing demand of forest yields. In this context, it is estimated that in the year 2020 the consumption of forest yields products will reach up to 2.2 billion cubic meters of industrial timber products and 2.5 billion cubic meters of fire-wood. Consequently, this will affect the policy-making process in Indonesia as one of the largest timber producing countries in the world.
- Second, unbalanced and uncertainty conditions of social, economic and environmental system.
- Third, pressures from national community due to the current reform wave and atmosphere. This situation has led to the decentralization, privatization and deregulation actions as pressured by local environment and as the effect of the failure of former policies.

The intervention of the International Monetary Fund (IMF) as the effect of a worse economic condition has created a policy inflation, in which the framework of the government's policy and the framework of the International Monetary Fund are merged. This trend has made the policies based on the real field issues not taken into account. In

this context, the speaker gave some examples of the more reduced concession area for the HPH holders due to the unclear property right system and timber robbery issue, which have passed the tolerable limit.

The speaker also thought that a positive policy-making is described by the following 4 (four) main factors:

1. The involvement of all stakeholders.
2. An inter relation/link between the future policies and the field information.
3. Capacity building.
4. Balance and strength control of all stakeholders.

The speaker also identified the following 6 (six) elements of constraints, which have hampered the reform efforts:

1. The non-forestry sector has been beating the forestry sector. Almost 70% of forest users or stakeholders come from non-forestry sector. However, any damages or degradation occurring in the forest area become the failings of the forestry sector.
2. Benefits from the forest yields are used by third parties, but any effects thereof are burdened by the community members.
3. The policy inflation goes along with capacity collapse. This means that the competency of institutional or any other sources related to forestry affairs does not show its expected function and brings the reform spirit into unsuccessful results.
4. “Influenced” groups take an advantage of the policy’s solution based merely on individual or groups’ interests.
5. The policy makers are not able to overcome the complexity faced by the forestry sector and uncertainty for long-term period of time.
6. The institutional sources are not able to cope with local problems. Decentralization often turns into a De-concentration activity.

There are five main criteria in developing the policy:

- Maximum social well being and efficiency, which are the guideline principles.
- Constant proportional shares.
- Pareto (Part?) safety.
- Maximum value of social product.
- Composite.

Basically, the problems in the policy implementation are due to some asymmetric information received by the stakeholders. The asymmetric information will create moral hazard, which is caused by different accessibility of stakeholders to the policy sources.

The moral hazard itself will also create an abundant of additional cost, which is normally, transaction cost.

To end the presentation, Mr. Doddy Sukadri emphasized that policy inflation should be avoided and that real actions must be implemented to overcome the real, current and existing problems. In order to create a better policy, basically we need to be aware of two (2) main factors:

1. The policy should be made as simple and as easy-to be adapted as possible. An easy-adaptable and simple policy should be based on a clear vision concerning sustainable forest.
2. The policy should be made in a clear framework of inter institutional relation. In other words, a better policy should be made through an institutional process and not merely through the contents of the policy itself.

Guest Speaker II: Hira Jamthani

Before doing the presentation, the speaker noted that there have been a lot of different forums, in which the reform of forestry policy had been always discussed. In addition, the speaker also suggested to the organizing committee to coordinate with other stakeholders in order to fuse similar issues and together strive on them concretely.

In examining the issues mentioned above, the speaker used the following three approaches:

1. The current situation and components of forest management (in the sense of pre-reform era) have actually been discussed in previous sessions, except the monolithic and monoculture aspects. The issue of forestry has always been focusing on timber/wood issue.
2. There have been efforts to improve the forestry system, at least concerning the policy on central level. However, if we observe more accurately and attentively, the ministerial decrees, government regulations and other policies issued in last few months have not reflected yet substantial changes. It seems that they have been modified, but essentially, they are the same. This condition is due to the absence of political will from the government as they serve as loan requirement from International Monetary Fund (IMF) and World Bank in implementing the reformation.

3. Current policies tend to ignore the people's interest, so that the willingness to share the benefits with the people or to preserve the forest sustainability has never been clearly realized. In this context, the speaker gave the example of Government Regulation for Utilization purpose, which was stipulated before the Act/Law as the official basis is issued. Ironically, during the course of the year 1998, we were suffering from forest fires crisis and there has never been a government regulation that regulates this issue. The recognition of social forestry was only implemented by issuing the ministerial decree, which hierarchically is less powerful than a government regulation.

Considering the condition mentioned above, the speaker felt that it is necessary to arrange a strategy for the future, which have to be implemented collectively by all stakeholders.

The policy should be oriented to the development of sustainable forest management system, so that, non-forestry components have to be given a close attention.

Perpetual system itself contains the following principles:

- Economic feasibility.
- Ecological continuity.
- Socially friendly.
- Politically and democratically participatory.
- Cultural development, which accommodates the development of *adat* culture, local values, etc.

The first three principles can be adopted by available various systems. In this context, the speaker referred to the criteria and indicator developed by the Indonesian Ecolabeling Institute (LEI). While, for other criteria (4 and 5) there should be an intensive dialogue involving all stakeholders. In order to establish the system and policy, strengthening and capability of all stakeholders should be first improved together with a just and fair legal affirmation. The speaker also believed that it needs two big components to unite the synergy and communication into a mutual performance. The two components are first, a number of experts who will give inputs concerning the policy-making and second, a number of parties who will act as a pressure group to the government and potential international organizations, such as the International Monetary Fund (IMF) and the World Bank. Collaboration with political parties and the new members of House of Representative (DPR) is absolutely necessary since, according to the speaker, new hopes lay in the hand of the future politicians of the upcoming General Election (Pemilu). More concretely, the speaker suggested implementing an action plan with the following targets:

- To stop and to hold up the draft of an Act/Law until there is a chance for us to examine its essential components.
- As an alternative, we should prepare a clear concept or even we should prepare the mentioned draft.
- To overcome on the field problems as soon as possible.
- In connection with foreign loans, internalization of discussions and assertiveness to control the loans, so that they are in line with the reform spirit, should be reinforced. In this context, the speaker referred to PRSL (Policy Reform Support Loan).

Before ending the presentation, the speaker suggested to change the name of the dialogue since “Forestry Development Policy Dialogue” represented the terms used in the Five Year Development Planning Program (REPELITA). It is better to change it into “Establishing Sustainable Management Policy” or other clearer and more focused titles.

QUESTIONS AND COMMENTS SESSION

1. Azis Khan:

If in its process and substantiality, the government’s policies seem to be distorted as the two guest speakers mentioned, the questions are:

- What is the forum trying to achieve?
- Will be the forum be able to provide any formulation on how to prepare the appropriate policy’s process and Act/Law.
- Are we going to prepare a description on the type of policy in this forum in the context of achieving a sustainable forest condition?
- Are we also going to formulate the criteria of an appropriate policy.

2. Muayat Alim:

There are three policy’s components. They are:

- Textual component.
- Policy structure, which reflects a confusion status. In this context, the questioner referred to the structure of the Department of Forestry and Estate Crops, which tends to be timber-centric. The Directorate General of Production Forest Utilization is always considered as a directorate general, which specifically produces only production forest. This indicates that the structure itself is no longer sustainable.
- The culture of the people tends to foster the institutionalization of KKN (Corruption, Collusion and Nepotism) practices.

In order to change the policy, we must consider two elements. They are:

- Criteria and Definition should be made transparently and participatory.
- Procedures should be implemented openly and in a non-centric way.

To achieve these targets, sustainable and effective social control is one method, which can “force” the policy to be more directed towards public’s interest and will affect to citizenship reinforcement. The strengthening of the role of stakeholders who can act as a “power” is pre-requisite in order to create a natural bargaining position with the policy makers.

ANSWERS AND COMMENTS

1. Dr. Doddy Sukadri:

Answers and Comments on Mr. Azis Khan’s Questions

The speaker replied that the purpose of this forum depends on the TOR itself. However, the speaker said that a forum is where at least all stakeholders could match their various interests. In other words, through this forum, we could find a “Common Language” so that all stakeholders would have the same and agreed goals.

About the second question, the speaker replied that textually, policy is an initiative formulated in a regulation in the form of an act/law on the highest level and in the form of implementing the regulation on the lowest level. The reason why a policy has to be made is because we want to achieve a clear and specific goal. The speaker also said that all stakeholders are the policy’s actors.

Answers and Comments on Mr. Muayad Alim’s Questions

The issue on policy’s components has been mentioned before. The speaker commented that claim on structure in the Department of Forestry and Estate Crops in relation with the name thereof is overwhelming. The speaker thought that what really counts is the responsibility, target and objective should be clear and specific.

About the power, the speaker said that each stakeholder possess a power that is not always equal in nature.

2. Hira Jamthani:

Answers and Comments on Mr. Aziz Khan's Questions

The speaker said what we are looking for in this forum depends on our own interests. However, this forum could at least give an appropriate description in order to create a better and a more ecological and social-friendly forestry practices and policies.

About the creation of policy criteria, the speaker agreed to do so and thought that this forum was one of the appropriate methods to achieve such purpose.

Answers and Comments on Mr. Muayyat Alim's Questions

Basically, the speaker agreed with the mentioned points concerning the policy's components. But, the Corruption, Collusion and Nepotism (KKN) issue, the speaker has her own opinion. The speaker continued that basically, the Corruption, Collusion and Nepotism (KKN) issue is a culture that has lived for almost 32 years. However, it is not a given concept or in other words it is not something that we cannot change. In this context, the speaker gave an example of a group of people in Thailand who have been striving for their interest, namely the protection of traditional medical plants. Their incessant striving was successful when the national protection policy on this matter was issued.

Comments from Mr. Harry Purnomo

He commented, specifically addressed to the organizing committee, that future dialogues should also present stakeholders in their capacity as speakers, especially those who are quite extreme, such as those who are pro to the status quo. In this way, it is expected that the dialogue could be run in broader discourse/perception.

CONCLUSIONS

1. There have been similar forums, in which similar issues were discussed. The participants considered the topics of this dialogue forum as mere repetitions.
2. The current policies tend to experience policy inflation. Therefore, a more intensive social control is necessary.
3. The fact indicates that up to the present non-forestry sector policy dominated the forestry sector policy itself (almost 70%).
4. The policies should be oriented to the development and reinforcement of a permanent system, which is sided on larger interests.

SUGGESTIONS AND RECOMMENDATION

1. To act concretely in order to hold up or to abrogate the draft of an Act/law, which cannot accommodate the aspiration and contains process defects. Such actions could be realized by mailing the World Bank and the International Monetary Fund (IMF) and request the postponement and cancellation of loans, especially in the forestry sector if they do not side with the people's interests.
2. It is necessary to build an intense communication and interaction network among the stakeholders to ensure the success of the process and information flow concerning what each stakeholder has produced.
3. In future dialogues, it is necessary to consider the involvement of other parties who have different perceptions/opinions, such as those who support the status quo. By doing so, the discussion would reach the essence of the main issue, together with the policy makers.

IV. SESSION THREE:

Group Presentation and Discussion

Moderator:	Dr. Iwan Tjitradjaja.
Group I Representative:	drh. Dhani Wahyu Munggoro, M.A.
Group II Representative :	Dr. Hariadi Kartidihardjo.
Presenter:	Dr. Mubariq Ahmad.
Notes Writers:	Sugianto and Ridwan Effendi (Indonesian Ecolabeling Institute)

Group I Representative: drh. Dhani Wahyu Munggoro, M.A.

This session started at 16.07. The moderator expected that this session could become an enlightenment session to various thoughts, opinions and ideas, which have been lodged since this morning, through the general discussion and the group discussion.

The moderator recalled all the participants about what issues, which have been discussed, such as forestry vision, sustainable and simultaneous forest development for future generation or other existing as well as current policies. The following are several crucial points, which are also the red line of this dialogue:

- Vision has not yet been reflected within the forestry policy in Indonesia, although there have been several rapid changes. In other words there is still a substantial fundamental gap among the idea, goals and reality on the field.
- The existing policies tend to be inconsistent as indicated by relational disintegration of one policy's component to another.
- The issue on tenurial ownership is still a unique problem, which is worsened by so many terminology and definitions and creates a more confusing situation.
- The issue on unequal and unfair distribution of benefit for everyone's interest.
- The issue on decentralization, which still creates pro and contra sides.

In connection with the issues mentioned above, the moderator hoped that all participants could contribute their inputs to the impact of policy's change. Therefore, it is necessary to formulate a strategy for the sake of forestry development, which now remains only 30% of total forest area in Indonesia. The moderator then requested drh. Dhani Wahyu Munggoro, M.A, as the representative of Group I, to present the results of the group discussion.

Discussion Results of Group I

In the Group I discussion the following three (3) big issues had been discussed:

1. Property right issue.
2. Benefit sharing issue.
3. Decentralization issue.

The discussion had given a far bigger portion to the property right issue than to the benefit sharing or decentralization issues. The discussion started with the constraints/problems in achieving a Sustainable Forest Management due to tenurial conflicts.

Mr. Noer Fauzi had described the tenurial conflicts as a latent or manifest, but could also be real. However it was difficult to prove. The conflict appeared because the State/government gives to a party a new right on land/area bearing another tenurial right.

The conflict appeared because the State/government gives the authority or rights to other parties on someone else's right. Unsecured guarantee of tenurial security from de facto or de jure sides, will create unexpected "nobody's property" status, in which the area/land belongs to no one (there is no responsibility) and forest exploitation become more and more aggravating and uncontrolled. In this discussion, the forum had agreed that the state/government should be able to develop a pluralistic legal system, in which "the origins' right" should be treated naturally. Without doing so, tenurial crime would unexpectedly occur. Therefore, Group I addressed the following three (3) proposals to solve the mentioned issues/problems:

1. Disseminating inform consent, in which during the new negotiation processes, local people should be sufficiently informed to decide the approval or the rejection on forest management practice.
2. The state/government should be able to conduct an inventory activity on tenurial conflicts all over Indonesia in order to create a comprehensive tenurial conflicts map.
3. It is expected that there will be a "tenurial conflicts management", which refers to "win-win solution" concept.

Forest management gives a very large implication, due to:

1. Tremendously large area covering 192 million hectares of state forest and 143 million hectares were claimed by the state/government.
2. Ecological diversity and social characteristics.

In relation with the issues/problems mentioned above, Group I proposed a very fundamental question about whether the decentralization model should be applied in forest management.

Discussion Results of Group II

The following were several crucial points, which had been discussed by this group:

- There has been policy inflation, which have affected the absence of transparency and accountability in the framework toward Sustainable Forest Management. This has created:
 - Uncertainty condition in forest management, either the forest utilization side or processes side towards a positive change.
 - It is necessary to take an action plan (not only through meetings and discussions) in order to hold up the forestry act, which cannot accommodate the aspiration. Should the forum agrees with this plan, as a concrete step, an official letter will be sent to the World Bank, the International Monetary Fund (IMF) and the Department of Forestry and Estate Crops, if the policy of forestry sector fails to meet the policy reform in the framework of Sustainable Forest Management.
- In order to meet the mentioned demand, it is recommended to send a letter to the World Bank and the International Monetary Fund (IMF). These two institutions are one of the factors, which has made the procedure of PRSL (Policy, Reform, Support, Loan) fails to meet the policy reform towards the Sustainable Forest Management.
- Other recommendation was to send a letter to the Department of Forestry and Estate Crops in order to warn the gap and problems occurring as the effect of the application of the mentioned policy.

After the results' presentation of groups' discussion by each group's representative, the moderator gave the opportunity to the forum (dialogue participants) to give their comments or questions openly.

Mr. Sulaiman

There were two issues that Mr. Sulaiman wanted to express:

- It needs a fundamental change from centralism to de-centralism concepts by involving local regional government (Pemda) and the stakeholders.

- The central government has to admit that they have failed in managing the forest. Therefore, transparency and accountability will become the main factors of policy-making in the future.

Mr. Aziz Khan

Mr. Aziz Khan informed that according to research findings in Bogor Institute of Agriculture, 70% of non-forestry sectors depend on forests. Ironically, any forestry degradations, such as erosion, forest fires, etc will be imposed and blamed to forestry personnel. He asked about the role and the responsibility of the mentioned 70% of non-forestry sectors.

Agus Setyarso

From the group I discussion, there was an increasing mainstream. However, there was a concluded red line, namely a mechanism necessity to overcome the conflicts. Should the decentralization concept is approved to be one of the solution element in coping with the forest problems, Mr Agus Setyarso suggested that the change should be started from fundamental issue and should be formatted to reach various interests' aspects. Mr Agus Setyarso emphasized that decentralization process must not be meant as problems transfer activity from the central government to the regional government.

The current and existing regional law/act has not substantially changed. Forest management should involve community members' participation. This is closely related with the State/government politic.

Yando Zakaria

Yando Zakaria agreed that the property right issue must be firstly solved. Furthermore, he added that the current and existing tenurial conflicts was due to the gap of land utilization, in which he property right status were divided into two mainstreams. First, the state/government owns and possesses the land on behalf of the state/government, while the people claim their ownership according to the ulayat/territorial right. He also said that there has been a substantial problem in our constitutional system, which he assumed as "scrawl foundation". This can be described by two main elements: power centralism supported by money politics concept, and in the same time there has been a paralyzing effort on social organizations. Essentially, up to the present, there has never been a good will from the government in the field of economic, politic and social concerning the issue. The issue now has covered the relation between the state/government and the people. He added that the current situation hampers a total reformation effort. He recommended to wait for a more representing legislative element.

Mr. Didik (Justice Party/Partai Keadilan)

Mr Didik said that justice should be seen in a larger context and does not merely concern the justice for generation. He thought that interest base system should be developed referring to the “sharing profit” concept.

Laurel Heydir (NRM Program)

Laurel Heydir commented on decentralization issue by saying that the essence of decentralization is the autonomy and it has failed to be implemented in form of citizenship. Laurel Heydir warned that a policy should not be made if in the future it will be restricting.

Mia Siscawati (RMI)

She said that the current and existing forest management is also influenced by the choice of political system implemented by the government. Therefore, it needs a better exercise to improve it. To achieve this condition, every forestry sector-related affairs should be involved. She suggested to invite a military party to participate actively.

Herry Purnomo

He confirmed the fact that most of non-forestry sectors (70%) depend on forestry sector. He also warned the importance of a clear separation between stakeholders and red holders.

Dhani Munggoro

It is necessary to change the political format, in which the citizenship should be more cultivated and empowered. It is also necessary to have a forestry act.

Temporary Conclusions (Hypothesis) of the General Discussion

1. Forestry issues are inseparable from constitutional/ political issues. This is surely a special challenge for all foresters or ecology lovers. Therefore, it needs to be clarified before dealing with the main problems.
2. To stop the current and existing policies is considered to be a concrete solution. Besides, we should also wait for a legitimate government through the upcoming General Election (Pemilu).

The moderator requested Mr. Mubariq Ahmad as the organizer (Indonesian Ecolabeling Institute) to express his ideas and main thoughts

Mr. Mubariq Ahmad

First, he re-explained that this forum is the means to formulate an agreement in planning the following actions. He asked all the participants to understand what he was going to say as a perception of an individual economist who tries to talk about the forestry issues.

According to him, forest management is a comprehensive system, in which non-timber forest product plays an important role, apart from the wood/timber product as we always see. He emphasized that forest management should be understood as a holistic step, which includes so many aspects, such as social analysis, ecology analysis or even product analysis.

In the context of economics incentive, the government should:

1. Determine target outcomes of forestry policy towards a Sustainable Forest Management (SFM) with minimum legal requirement. Therefore, the criteria performance and its size should be determined as the basic requirement. Then, the minimum complaint level can be determined.
2. Determine the intensive system, which will be able to support the realization of Sustainable Forest Management (SFM).

In this context, non-economics incentive can be approached through a law incentive and institutions, concerning the allocation, decentralization, tenurial system, cooperative, etc.

The presenter also believed that we could “take part” in the future policy process by uniting any current and existing perceptions to create a “Coherence Policy System” by erasing any inconsistency and incoherence among the stakeholders.

To the participants (floor), the presenter offered the formation of two big teams to achieve what we have desired together:

1. A team, which will deal with the components aspects in preparing policy system.
2. A team, which will deal with property right, tenurial system, benefit sharing, and decentralization issues.

The fundamental questions for the forum are:

1. As an initiative concept, will this forum have the opportunity to play an important role in the policy-making process?
2. If the forum does have the opportunity to play an important role in the policy-making process, would it be ideal to organize a dialogue in the future, and how will the working group division be?
3. How would the working mechanism be like?

Due to its initiative concept, the presenter explained that in order to maintain its independence, the Indonesian Ecolabeling Institute (LEI) will only act as the facilitator.

CONCLUSIONS

1. The forum has agreed to organize the upcoming dialogue with an open membership and the involvement of stakeholders at a larger scale.
2. The topics for the upcoming dialogue should be the compilation of similar topics, which will have been discussed by other stakeholders.
3. The discussion’s results should be submitted to the respective agencies supported by monitoring process.
4. Publication is necessary. Therefore, press and other media should be invited in order to obtain public support in a large scale.
5. There will be two volunteers, who will act as vocal point to accommodate, inventory, and coordinate inputs from stakeholders for the next discussion materials. The property right, benefit sharing and decentralization issues will be coordinated by

Mr. Aziz Khan. While, Mr. Sulaiman will coordinate the Component of Sustainable Forestry Policy.

6. There will be small-scale meetings to discuss the material for the future dialogue.
7. The Indonesian Ecolabeling Institute (LEI) will always facilitate similar dialogue in the future.

SUGGESTIONS

1. In the upcoming dialogue, it is recommended to invite the military faction for active involvement.
2. The guest speakers in the upcoming dialogue should come from leading sectors (the government).
3. The form of dialogue should be varied in order to avoid the mere seminar model.